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INTELLIGENCER

China-U.S. Spy Pact Periled?

A SECRET SINO-AMERICAN INTELLIGENCE PACT COULD BE threatened by United States overtures to Taiwan, intelligence sources said last week. Their statements were sparked by Ronald Reagan's recent pro-Taiwan comments, which have upset the Chinese.

The sources, who include a staff member of the National Security Council, said that since January 1980, the United States has been providing communications equipment and technical advisers to China under the terms of the unofficial, secret agreement. In exchange, the United States is getting Chinese intelligence about Soviet activities obtained from the operation.

Last week, State Department officials denied the existence of any such accord, calling it "sheer fantasy." But the intelligence sources say the agreement was made by the Department of Defense in response to requests by Chinese military officials for electronic communications equipment, such as wide-band signal receivers, to intercept and record radio and microwave transmissions from the Soviet Union and from Soviet satellites in space. Under the pact, National Security Agency personnel are inside China training technicians to operate and service the equipment. (The October issue of *The Progressive* magazine will publish an article reporting that such a plan is being reviewed by both the Pentagon and the State Department.)

Intelligence sources say that the monitoring posts on the Sino-Soviet border became crucial to U.S. operations when NSA posts were lost in Iran after the Islamic revolution. "U.S. security could be gravely damaged by the loss of intelligence information on the Soviet Union from secret accommodation sites in . . . China," says one source.

BY CRAIG UNGER